



FORT CAMPBELL CONSUMER AFFAIRS ALERT BULLETIN

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BBB WARNS OF GIFTING CLUBS : NEW NAME FOR AN AGE OLD PYRAMID SCHEME

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If you received a call from an acquaintance inviting you to a dinner party don't be surprised if the dinner party consists of little more than snacks and the host offers you a way to give \$5,000 and receive \$20,000 back in just a few days.

"This new twist to the old pyramid scheme is making the rounds in Middle Tennessee," says Murfreesboro Branch Manager, Bet Furbush. "Consumers reporting the experience to the BBB are primarily women. It seems the organizers are attempting to portray the whole greedy as some kind of women-empowering, self-help network. The pyramid: soup and salad on the bottom, entrees in the middle, and dessert at the top".

As with all pyramids, consumers are asked to make a contribution to the highest ranking members. Promoters usually target closely-knit social and religious organizations, encouraging secrecy, and never putting anything in writing. Participants are urged to bring in friends and relatives to help them assume a higher rank in the club.

"Pyramids are especially insidious because participants end up victimizing their friends and family members," says Furbush. "To survive they must continually recruit new participants. When the supply of people runs out, and no one else is 'giving' \$5,000, the pyramid collapses, and those on the bottom of the pyramid (in this case those at the soup and salad level) lose their money."

If you are approached about joining a gifting club/dinner club consider the following:

- Don't be misled into thinking a 'gifting' club is legitimate the promoters say that members consider their payments a and expect nothing in return. This is an attempt to make an illegal transaction look legal.
- Don't believe the success stories or testimonials of tremendous payoffs. Very few members of illegal gifting clubs or pyramid schemes ever receive any money....in fact they end up losing the money they put in.
- Pyramids fizzle out quickly, pyramid schemes are hard to prosecute. If you get involved it's truly a 'buyer beware' situation.

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